

NEWS RELEASE

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AG REILLY, DIVISION OF BANKS TO RETURN \$300K TO MASSACHUSETTS HOMEOWNERS MISLED ABOUT MORTGAGE RATE-LOCK COMMITMENTS

BOSTON - Close to 150 families promised favorable interest rates that they never got will receive restitution checks for \$2,000 as part of a settlement with a Norwood-based mortgage broker, Attorney General Tom Reilly and Massachusetts Commissioner of Banks Steven L. Antonakes announced today.

The judgment, entered in Suffolk Superior Court, requires Mortgage One Financial Corporation, operated by Robert G. Tucker, to pay almost \$300,000 in restitution to settle allegations that the company illegally issued rate-locks and misled consumers with commitments that could not be honored.

"This mortgage broker made promises he couldn't keep," AG Reilly said. "As a result, hardworking individuals and families who were trying to save some money on monthly mortgage payments got hurt. I am pleased to be able to provide significant relief to those who were harmed."

"It has been the Division's long-standing policy that written rate locks must be honored," Commissioner Antonakes said. "The Division will continue to take swift action against any company that does not honor rate-lock commitments or misleads consumers."

Today's judgment resolves charges that Mortgage One violated the state's mortgage regulations by promising specific rate-locks and acting as a mortgage lender, instead of a broker, as well as the state's Consumer Protection Act, which protects against unfair and deceptive practices.

In addition to \$300,000 in restitution, the judgment filed by AG Reilly's Office prohibits Mortgage One, including employees and others associated with the company,

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from working in the mortgage brokering or lending business for two years. The company will then have to reapply for a license with the Division of Banks.

In August 2003, the Division of Banks issued a cease and desist order against Mortgage One after receiving multiple complaints from consumers across Massachusetts. An investigation by AG Reilly's Office and the Division of Banks confirmed that Tucker, the sole officer of Mortgage One, repeatedly issued favorable rate-locks - sent in the form of a commitment letter on official company letterhead - and then failed to follow up on the offer. The rates, which were promised between May and August of 2003, ranged from four to 5.625 percent.

When closing dates were delayed, consumers filed complaints with the Division of Banks reporting that they were being "strung along" by Tucker. Others wrote that they didn't seek a loan elsewhere because of the rates promised by Mortgage One. As a result, 148 consumers were left waiting for Tucker to honor his commitment at the end of the summer of 2003 when interest rates began to rise.

Under Massachusetts law, mortgage brokers cannot issue rate-locks which promise consumers a specific mortgage rate, only mortgage lenders are allowed to make those types of commitments. Earlier this year, the Division issued emergency regulations which mandate the information that must be included in a rate-lock commitment. The regulations, which go into effect tomorrow, Friday, August 13, also define certain misleading advertising and other practices by mortgage brokers to be unfair and deceptive practices.

AG Reilly's Office will notify consumers who received rate-lock commitments from Mortgage One during the summer of 2003 with information about the restitution. Consumers who have questions or complaints about rate-locks should contact AG Reilly's Consumer Complaint Hotline at (617) 727-8400. Information is also available on AG Reilly's website at www.ago.state.ma.us.

This case is being handled by Assistant Attorneys General Pamela Kogut and Judith Whiting of AG Reilly's Consumer Protection and Antitrust Division with assistance from Investigator Todd Davis.

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